

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 0 - 0 9

2. STATE:

Texas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT: See Attachment

a. FFY 2000 \$ -0-b. FFY 2001 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

See Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

See Attachment

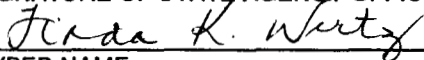
10. SUBJECT OF AMENDMENT: Amendment No. 574 - The amendment will allow the transfer of reimbursement methodology for Case Management services from the Texas Department of Mental Health Mental Retardation to the Health and Human Services Commission

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

Sent to the Governor's Office this date. Comments, if any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Linda K. Wertz

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

September 6, 2000

16. RETURN TO:

Linda K. Wertz  
State Medicaid Director  
Health and Human Services Commission  
Post Office Box 13247  
Austin, Texas 78711**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

09-12-00

18. DATE APPROVED:

October 26, 2000**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

October 1, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Calvin G. Cline

22. TITLE: Associate Regional Administrator

Division of Medicaid and State Operations

23. REMARKS:

Attachment to HCFA-179 for  
Transmittal No. 00-09, Amendment No. 574

Number of the  
Plan Section or Attachment

Attachment 4.19-B  
Page 14b  
Page 14c  
Page 15  
Page 15b  
Page 15c

Number of the Superseded  
Plan Section or Attachment

Attachment 4.19-B  
Page 14b (TN99-03)  
Page 14c (TN99-03)  
Page 15 (TN99-03)  
Page 15b (TN99-03)  
Page 15c (TN99-03)

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Attachment 4.19-B

Page 14b

## 3. Rate setting methodology for case management for persons with chronic mental illness.

- a. Providers will be reimbursed a statewide interim rate comprised of modeled costs for direct care plus a statewide weighted average for reported indirect costs. The modeled costs for direct care rate is based on cost calculations that include a statewide weighted average hourly wage for persons who provide case management as 100 percent of their job responsibilities, a predetermined caseload size, a statewide weighted average supervisory wage rate and span of control, and a statewide weighted average benefits factor. The associated indirect costs collected through the cost reporting process for administrative claiming include clerical and support costs, travel and training costs, and other allowable operating costs such as rent, utilities, office supplies, administration, and depreciation necessary to provide case management. Following each annual reimbursement period, each provider's actual allowable costs will be compared to interim reimbursement and any resulting monetary reconciliation will be made in accordance with item 6 of this section.

Total costs are projected from the historical reporting period to the interim rate period. Cost projections adjust the allowable historical costs for significant changes in cost-related conditions anticipated to occur between the historical cost period and the prospective rate period. Significant conditions include, but are not necessarily limited to, wage and price inflation for deflation, changes in program utilization and efficiency, modification of federal or state regulations and statutes. Appropriate economic adjusters, as described in state regulations, are determined to calculate the projected expenses. The Implicit Price Deflator for Personal Consumption Expenditures (IPD-PCE), which is based on data from the U.S. Department of Commerce, is the most general measure of inflation and is applied to salaries and benefits, materials, supplies, and services.

Rates are adjusted if new legislation including the appropriations, regulations, or economic factors affect costs, as specified in state regulations. Cost data will be collected to supplement the cost report to capture costs not reported during the historical reporting period.

- b. For the non-modeled component for the interim rates, provider costs by unit of service are arrayed from low to high. The Health and Human Services Commission (HHSC) may exclude or adjust certain expenses in the cost report database in order to base rates on the reasonable and necessary costs that an economical and efficient provider must incur. Statistical outliers (those providers whose unit costs exceed +/- two standard deviations of the mean) are removed. The mean projected total cost per unit of service is calculated after statistical outliers have been removed and this becomes the recommended reimbursement rate.

STATE	<i>Texas</i>	A
DATE REC'D	<i>09-12-00</i>	
DATE APP'D	<i>10-26-00</i>	
DATE EFF	<i>10-01-00</i>	
HCFA 179	<i>00-09</i>	

SUPERSEDES: TN - *99-13*

4. Reimbursement setting authority. HHSC determines reimbursement rates after consideration of financial data, statistical information and public testimony.
5. Reviews of cost report disallowances. A contracted provider may request notification of the exclusions and adjustments to reported expenses made during either desk reviews or onsite audits, according to state regulations. Contracted providers may request an informal review and, if necessary, an administrative hearing to dispute the action taken by HHSC or its designee under state law.
6. If a provider's costs exceed the statewide rate, TDMHMR will reimburse the provider its costs up to 125 percent of the statewide rate. If a provider's costs are less than 95 percent of the statewide rate, the provider will pay TDMHMR the difference between the provider's costs and 95 percent of the statewide rate.

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HCFA 179	<i>0009</i>	

SUPERSEDES: TN - *99-03*

## 22. Case Management for individuals with mental retardation or a related condition.

Reimbursement for case management services for individuals with mental retardation or a related condition is subject to the specifications, conditions, and limitations required by HHSC or its designee. These include the specifications provided in OMB Circular A-87 and A-102.

The statewide reimbursement rates for this case management services program are interim throughout the rate period and subsequently adjusted to cost. HHSC or its designee determines statewide reimbursement rates at least annually, but may determine them more often if deemed necessary. The reimbursement rates are based upon allowable costs, as specified by HHSC or its designee, or qualified staff, travel, facility, and administrative overhead expenditures. The unit of service is one face-to-face contact per month.

Claims for reimbursement for case management services include:

- date of service;
- name of recipient;
- identifying Medicaid number;
- address;
- name of provider agency;
- unit(s) of service delivered; and
- place of service

Reimbursement rates are determined in the following manner.

1. Inclusion of certain reported expenses. Provider agencies must ensure that all requested costs are included in the cost report for administrative claiming. All references to cost reports are the cost reporting process for administrative claiming. Failure to do so may result in penalties.
2. Several different kinds of data are collected. These include the number of units of service. The cost data include direct costs, programmatic indirect costs, and general and administrative overhead costs.

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HCFA 179	<i>00-09</i>	

SUPERSEDES; TN - 99-03

3. Rate setting methodology for case management for persons with mental retardation.
- a. Providers will be reimbursed a statewide interim rate comprised of modeled costs for direct care plus a statewide weighted average for reported indirect costs. The modeled costs for direct care rate is based on cost calculations that include a statewide weighted average hourly wage for persons who provide case management as 100 percent of their job responsibilities, a predetermined caseload size, a statewide weighted average supervisory wage rate and span of control, and a statewide weighted average benefits factor. The associated indirect costs collected through the cost reporting process for administrative claiming include clerical and support costs, travel and training costs, and other allowable operating costs such as rent, utilities, office supplies, administration, and depreciation necessary to provide case management. Following each annual reimbursement period, each provider's actual allowable costs will be compared to interim reimbursement and any resulting monetary reconciliation will be made in accordance with item 6 of this section.

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Rates are adjusted if new legislation including the appropriations, regulations, or economic factors affects costs, as specified in state regulations. Cost data will be collected to supplement the cost report to capture cost not reported during historical reporting period.

- b. For the non-modeled component for the interim rates, provider costs by unit of service are arrayed from low to high. HHSC may exclude or adjust certain expenses in the cost report database in order to base rates on the reasonable and necessary costs that an economical and efficient provider must incur. Statistical outliers (those providers whose unit cost exceed +/- two standard deviations of the mean) are removed. The mean projected total cost per unit of service is calculated after statistical outliers have been removed and this becomes the recommended reimbursement rate.

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SUPERSEDES: TN - *99-03*

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Page 15c

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HCFA 179 <u>00-09</u>	

SUPERSEDES: TN • 9903